

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

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Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.	Investigation 07-01-022 (Filed January 11, 2007)
In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.	Application 06-09-006 (Filed September 6, 2006)
Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates	Application 06-10-026 (Filed October 23, 2006)
Application of Park Water Company (U 314 W) for Authority to Implement a Water Revenue Adjustment Mechanism, Increasing Block Rate Design and a Conservation Memorandum Account.	Application 06-11-009 (Filed November 20, 2006)
Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism	Application 06-11-010 (Filed November 22, 2006)
Application of San Jose Water Company (U 168 W) for an Order Approving its Proposal to Implement the Objectives of the Water Action Plan	Application 07-03-019 (Filed March 19, 2007)

**REPLY TO  
JOINT RESPONSE OF DIVISION OF RATEPAYER ADVOCATES  
AND SAN JOSE WATER COMPANY (U 168 W) TO  
CONSUMER FEDERATION OF CALIFORNIA'S MOTION  
FOR LEAVE TO FILE CORRECTIONS TO COMMENTS**

The Administrative Law Judge authorized the filing of this Reply by e-mail on March 3, 2008, pursuant to Rule 11.1(f) of the Commission's Rules of Practice and Procedure.

The Division of Ratepayer Advocates (“DRA”) and San Jose Water Company (“SJWC”) argue, in their February 26, 2008, Response to the Consumer Federation of California’s (“CFC”) Motion to Correct Comments filed earlier in this proceeding, that the Commission should deny CFC’s motion for leave to file its “corrected” comments on their Settlement. If CFC’s Motion is denied, however, the Commission will be left with substantive criticisms of the Settlement and illustrations which are based on incorrect numbers. The calculations in CFC’s Comments will be corrected, of course, when testimony is filed. CFC was attempting to alert the Judge and the parties that its Comments contained inaccurate numbers and to supply the correct numbers, at the earliest possible time.

CFC is not proposing “a new alternate ‘rate design’” as DRA and SJWC claim. Very few words in the text of CFC’s Comments have been changed. CFC’s criticism of the DRA-SJWC Settlement remains unchanged, as does the proposal for an alternative method for designing rates. CFC’s corrections to the proposed rates are no different than those which will have to be made to Settlement numbers if the Settlement is approved. The Settlement provides that San Jose may propose adjustments to conservation rates to account for authorized expense and ratebase offsets. (Settlement ¶ VI.E.) CFC is correcting the originally proposed rate design to account for a correction to the consumption figures previously used, not to propose an alternative rate design.

DRA and SJWC feign confusion about the nature of the error CFC seeks to correct when they argue “CFC states in its motion that it misread a “principal document” that it had used in “developing some of the numbers used in its Comments” on the Settlement. CFC does not identify this document, nor describe the nature of the

mistake it made.” DRA is well aware of the nature of the error which CFC seeks to correct. It was discussed at the time the parties conferred about development of a Stipulation ordered by the Administrative Law Judge.<sup>1</sup> The error resulted from a misreading of workpapers belatedly supplied by DRA and San Jose<sup>2</sup>. The workpaper, entitled “Consump.prn”, has the following heading:

1/31/2007

SAN JOSE WATER COMPANY

WATERCUSTOMERS CONSUMPTION ANALYSIS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006

RESIDENTIAL - **BI-MONTHLY**  
5/8 INCH                      METERS

CONSUMPTION 100 CU FT (1)	NUMBER (2)	TOTAL BILLS CONSUMPTION (3)	---CUMULATIVE--- BILLS CONSUMPTION (4)	(5)	CONSOLIDATED FACTOR (6)
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(*emphasis added*). CFC’s initial set of comments used figures in the columns entitled “Cumulative Bills” and “Cumulative Consumption”. CFC assumed the figures were “Bi-Monthly”, but they were annual. The corrections CFC asked to make are mathematical corrections made necessary by the misreading of the heading.

The corrections CFC asks to make do not change the underlying criticisms of the Settlement, nor do they change the underlying theory of the rate design CFC proposed:

If the Commission is interested in curtailing overall usage by customers, a third block rate should be added to rates proposed by the settling parties. Creation of a third block with higher rates than Block II proposed by the parties would discourage use in excess of a certain point to be determined by the Commission. ... A third tier could be created, beginning with the

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<sup>1</sup> Although it does not appear on the record of this case, the parties were unable to agree on the terms of the stipulation required by the Judge’s order of Dec. 26, 2007, and the Judge agreed not to require the stipulation.

<sup>2</sup> These workpapers are not part of the record and, therefore, a reference to them in CFC’s motion would be of no use to the ALJ. Since DRA knew what mistake CFC had made, there was no need to describe the document for the benefit of DRA or SJWC, with whom DRA undoubtedly shared that information.

usage of customers, beyond the median, like the level of use of 70 or 80 percent of other residential customers with the same size meter. Anyone using more than that level of use would be charged for their 'excess' usage. The breakpoints at which customers' usage exceeds that of 70 to 80 percent of customers within each size meter group are:

	5/8"	3/4"	1"	1 1/2"	2"
70%	34 <del>17</del> ccf	32 <del>16</del> ccf	44 <del>22</del> ccf	90 <del>45</del> ccf	156 <del>75</del> ccf
80%	44 <del>22</del> ccf	40 <del>20</del> ccf	62 <del>31</del> ccf	128 <del>64</del> ccf	204 <del>100</del> ccf

(Corrected Comments pp. 15-16) The change in the block breakpoint number required a change in the amount of revenue collected within each rate block:

These rates are designed to produce the revenue which DRA calls "V Target Revenue," \$77,085,459.<sup>3</sup> The rates are:

10 ccf or less	\$1.00 <del>1.90</del> /ccf
11 to 40 <del>20</del> ccf	\$2.1745 <del>\$2.60</del> /ccf
More than 40 <del>20</del> ccf	\$2.30 <del>\$4.80</del> /ccf

(Corrected Comments p. 18). DRA and SJWC are not overly burdened by acceptance of the corrections CFC made. The "extensive review" and "complete analysis" of CFC's corrected filing, about which they complain,<sup>4</sup> would require only the entry of the new numbers into whatever "extensive review" and "complete analysis" has already been undertaken. The issues of whether the new rates would" result in rate shock to any customer group, cause particular harm to low income customers, or provide an effective conservation pricing signal"<sup>5</sup> were raised by the originally filed comments and are not new.

DRA and SJWC claim that CFC has miscalculated the amount of revenue the rate structure CFC proposed would generate, but offer no workpapers (like those

<sup>3</sup> CFC has been unable to understand why the settling parties have used \$2.1700 in revenue neutrality calculations as the current rate of SJWC, instead of \$2.1745, the published tariff rate.

<sup>4</sup> DRA/SJWC Response at p. 10.

<sup>5</sup> DRA/SJWC Response at 8.

submitted by CFC) to support that claim. This argument and others set forth in the DRA/SJWC Response to CFC's Motion to Correct its previously filed comments --- *e.g.*, that it is better to increase rates slightly to a lot of customers than increase rates a lot to the few who are using the most water<sup>6</sup> -- are arguments which should be considered at hearing.

**WHEREFORE**, CFC respectfully requests that it be allowed to correct the Comments it filed in this docket on December 13, 2007.

Dated: March 4, 2008

Respectfully submitted,

CONSUMER FEDERATION OF CALIFORNIA

By:                     //s//                      
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<sup>6</sup> DRA/SJWC Response at 8

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**CERTIFICATE OF SERVICE**

I hereby certify that on March 4, 2008, I served by e-mail all parties on the service lists for I.07-01-022, A.06-09-006 A.06-10-026, A.06-11-009, A.06-11-010, & A.07-03-019 for which an email address was known, true copies of the original of the following document which is attached hereto:

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The names and e-mail addresses of parties served are shown on an attachment.

The aforementioned document was served on Michael Whitehead, San Gabriel Valley Water Company, PO BOX 6010, El Monte, CA 91734, and on Adrian Hanson, 1221 Forrestville Ave., San Jose, CA, 95510, by causing the Comments, enclosed in envelopes addressed to them and with postage prepaid, to be deposited in the U.S. Mail.

Dated: March 4, 2008

Respectfully submitted,

    //s//    

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